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Joe Barton: Tariffs' Time Over
Texas stands to gain if CAFTA passes

This summer, Congress has a historic opportunity to boost the American economy and strengthen six blossoming democracies in our back yard. As with many trade pacts, this one's name – CAFTA – is forgettable and the countries involved are small, but the stakes are considerable for the United States and for Texas.

Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua and the Dominican Republic – just a generation ago, many of these nations were in the grip of communism, dictatorships, civil war and depression, or all of the above. Today, freedom is taking hold and these countries have become important trading partners.

What's good for Central America is sometimes good for us, too, and in this case free and fair trade serves our economic interests at home at least as much as our political interests abroad. One in 10 jobs – 12 million in all – depends on the export of U.S. goods and services.

Last year, our commerce with these nations totaled more than \$33 billion, and our exports exceeded those to Russia, India and Indonesia combined. Ratifying the Central American Free Trade Agreement will make the region the 10th-largest U.S. export market in the world.

Texans, in particular, will benefit. Texas shipped \$1.7 billion in goods to the area in 2004, second only to Florida, and the trend is on the rise. Our exports have increased by more than a third – \$650 million – since 2000, with the energy and manufacturing sectors leading the way.

That remarkable growth comes despite a tariff regime that puts U.S. goods at a distinct competitive disadvantage. Nearly all products from these countries – 80 percent of goods and services and 99 percent of agricultural goods – come through our ports duty-free, while Americans pay significant foreign taxes when we ship our goods to them.

It was the price we decided to pay for democracy in our back yard. President Reagan's Caribbean Basin Initiative offered economic assistance and one-way tariff reductions to strengthen our relationship with these nations, to encourage their economies and to spread peace. You can't argue with the results. In the 20 years since, their exports to the United States have increased fourfold and, with the glaring exception of those stalwart communists in Cuba, the Cold War against oppression in the Caribbean is won. Further isolating Fidel Castro isn't the objective of CAFTA, but if it also hastens the day when freedom returns to Cuba, good.

Now, we have entered a new era, and our trade laws should reflect that. CAFTA will level the playing field, reducing tariffs on U.S. goods by nearly \$1 billion right away. Additional tariffs will be phased out during the next 10 years.

Again, businesses and workers in Texas stand to realize those benefits more than almost any other state in the union. Shipments of our petroleum and coal products to the region have increased by \$196 million in the past five years, to a total of \$491 million last year. Under CAFTA, 90 percent of these exports will receive duty-free status right away. Sales of chemical manufactures, such as resins and artificial fibers, to these nations have more than doubled recently, and the treaty calls for removing foreign taxes on these products within five years.

What does that mean for us? It means greater prosperity and new jobs for Texans and Americans.

On Thursday, the Senate approved CAFTA. Now it is time for the House to act. Passing this agreement is one of the best things Congress can do to keep our economy moving, and I strongly support its approval.

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